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UNITED STATES DISTRICT COURT

15

SOUTHERN DISTRICT OF CALIFORNIA

16

Case No. '14CV0713 JM BGS

17

ELIZABETH Y. GRUMET; ABC
FLOORING, INC.; MARCUS

18

SULLIVAN; KATELYN SAXSON;

19

AMY C. CLINTON; and ALLISON C.

20

CLINTON, On Behalf of Themselves, and
All Others Similarly Situated,

21

Plaintiffs,

22

Class Action

v.

CLASS ACTION COMPLAINT

23

GENERAL MOTORS LLC,

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Defendant.

DEMAND FOR JURY TRIAL

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Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 2 of 49

1 Plaintiffs Elizabeth Y. Grumet, ABC Flooring, Inc., Marcus Sullivan,
2 Katelyn Saxson, Amy C. Clinton, and Allison C. Clinton (“Plaintiffs”) on behalf of
3 themselves individually and as class representatives on behalf of all similarly
4 situated persons and the general public, bring this action against Defendant
5 General Motors LLC (“G.M.”) and allege as follows:

6 **INTRODUCTION**

7 1. Faced with the real possibility that its conduct rises to criminality,
8 Alan Batey, president of G.M. North America, stated that G.M.’s near decade-long
9 investigation of a defective ignition switch design “was not as robust as it should
10 have been.” This comment is wholly inexcusable in light of G.M.’s nationwide
11 recall of more than 1.6 million vehicles due to a defect in the ignition switch
12 system that is linked to at least 12 crash related deaths.

13 2. G.M. marketed and advertised that these vehicles, though equipped
14 with defective ignition switches, were safe and reliable. The vehicles were,
15 however, anything but safe and reliable. In fact, since 2004 (and quite possibly as
16 early as 2001), G.M. knew that the defective design of the ignition switches in
17 these vehicles presented serious safety issues. Instead of disclosing the defect and
18 its disabling impact upon other safety systems in these vehicles – including that the
19 defect could shut down the engine and electrical system without warning, and
20 prevent airbags from being deployed in the case of a collision – G.M. consciously
chose to conceal it and not address the problem.

21 3. The efforts by G.M. to conceal the existence of the defectively
22 designed ignition switches in its vehicles, even after it was aware that the defect
23 was linked to several accident related fatalities, displays a wanton degree of
24 corporate greed. Indeed, it appears G.M. may have gone so far as to commit
25 bankruptcy fraud in order to avoid disclosure of the problems with the ignition
26 switch, while, at the same time, taking taxpayer money to salvage a failing
27 business model.

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Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 3 of 49

1 4. G.M. now has grudgingly admitted that it knew millions of its
2 vehicles were equipped with defective ignition switches dating back to as early as
3 2001 – three years earlier than it initially reported – and has yet to determine the
4 full scope of the problem. Moreover, based on statements by the maker of the
5 ignition component in G.M. cars subject to the 1.6 million-vehicle recall, it would
6 have only cost “a few dollars to produce and minutes to install” a fix.¹

7 5. As detailed herein, G.M. has violated federal law, various state
8 statutes, and common law duties between 2002 and the present (the "Class
9 Period"). Plaintiffs bring this action on behalf of themselves and other Class
10 members, each of whom own, owned, lease or leased one or more of the following
11 vehicles: 2005-2007 Chevrolet Cobalt; 2005-2007 Pontiac G5; 2003-2007 Saturn
12 Ion; 2006-2007 Chevrolet HHR; 2005-2006 Pontiac Pursuit (Canada); 2006-2007
Pontiac Solstice; and 2007 Saturn Sky (the "Defective Vehicles").

13 6. Plaintiffs believe that there are additional G.M. vehicles that have the
14 same or similar defect in their ignition switch systems as the Defective Vehicles.
15 Plaintiffs will supplement the definition of Defective Vehicles to include these
16 additional vehicles with defective ignition switch systems as they are identified.

JURISDICTION AND VENUE

18 7. This Court has diversity jurisdiction over this action under 28 U.S.C.
19 § 1332(a) and (d) because the amount in controversy for the Class exceeds
20 \$5,000,000, and Plaintiffs and other Class members are citizens of a different state
21 than Defendant.

22 8. The Court has subject-matter jurisdiction over this action pursuant to
23 28 U.S.C. § 1331 and 28 U.S.C. § 1338 with respect to claims seeking declaratory
24 and other relief arising under the Magnuson-Moss Federal Warranty Act, 15

²⁶ ¹ Jeff Bennett, *GM Now Says It Detected Ignition Switch Problem Back in 2001*, Wall St. J., (Mar. 12, 2014, 10:35 p.m.), <http://online.wsj.com/news/articles/SB10001424052702304914904579435171004763740> ?KEYWORDS=gm &mg=reno64-wsj.

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 4 of 49

1 U.S.C. §§ 2301 *et seq.*, and supplemental jurisdiction pursuant to 28 U.S.C. § 1337
2 over the entire case or controversy.

3 9. This Court has personal jurisdiction over Plaintiffs because Plaintiffs
4 submit to the Court's jurisdiction. This Court has personal jurisdiction over G.M.
5 because G.M. conducts substantial business in this District, and some of the actions
6 giving rise to the complaint took place in this District.

7 10. Venue is proper in this District under 28 U.S.C. § 1331 because G.M.,
8 as a corporation, is deemed to reside in any judicial district in which it is subject to
9 personal jurisdiction. Additionally, G.M. transacts business within the District, and
10 some of the events establishing the claims arose in this District.

PARTIES

11 11. Plaintiff and proposed California State Class Representative Elizabeth
12 Y. Grumet ("Grumet") is a resident and citizen of the State of California. Grumet
13 owned a 2004 Saturn Ion and a 2006 Saturn Ion II, both of which were purchased
14 from an authorized G.M. dealer in San Jose, California. Grumet chose the Saturn
15 Ion and Ion II in part because she wanted a safely designed and manufactured
16 vehicle.

17 12. Grumet saw advertisements for G.M. vehicles before she purchased
18 the cars and, although she does not recall the specifics of the advertisements, she
19 does recall that safety and quality were consistent themes across the advertisements
20 she saw before making the purchase of the 2004 Saturn Ion at the G.M./Saturn
21 dealer in San Jose, California in 2004. These representations about safety and
22 quality influenced Grumet's decision to purchase the Saturn Ion and Ion II. Grumet
23 did not learn of the ignition switch defects until about March 2104. Had G.M.
24 disclosed the ignition switch defects, she would not have purchased either vehicle,
25 or would have paid less than she did.

26 13. On at least three different occasions, Grumet experienced engine shut
27 down in her 2004 Saturn Ion. On the first occasion, Grumet experienced an engine

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 5 of 49

1 shut down incident while driving at 65 m.p.h. on the freeway. She was ultimately
2 able to get the vehicle to the freeway shoulder and later took it to the G.M. dealer
3 who kept the vehicle for several days, and claimed, however, to be unable to
4 replicate the engine shut down. On the second occasion, Grumet experienced an
5 engine shut down incident in a residential neighborhood and, again, took the
6 vehicle in for service to correct the problem. After Grumet experienced an engine
7 shut down incident for a third time, she traded the vehicle in for a 2006 Saturn Ion
8 II at the G.M./Saturn dealer in San Jose, California in 2006.

9 14. Plaintiff and proposed Florida State Class Representative ABC
10 Flooring, Inc. ("ABC"), is a Florida corporation. ABC owns a 2007 Chevrolet
11 HHR which was purchased from an authorized G.M. dealer in Florida. Frank
12 Borzen ("Borzen"), acting on behalf of ABC, chose the 2007 Chevrolet HHR, in
13 part, because he wanted a safely designed and manufactured vehicle for his
14 business.

15 15. Borzen, acting on behalf of ABC, saw advertisements for G.M.
16 vehicles before he purchased the 2007 Chevrolet HHR, and, although he does not
17 recall the specifics of the advertisements, he does recall that safety and quality
18 were consistent themes across the advertisements he saw before making the
19 purchase. These representations about safety and quality influenced Borzen's
20 decision to purchase the 2007 Chevrolet HHR. Borzen did not learn of the ignition
21 switch defects until about March 2104. Had G.M. disclosed the ignition switch
22 defects; he would not have purchased the vehicle, or would have paid less than he
23 did.

24 16. Plaintiff and proposed Illinois State Class Representative, Marcus
25 Sullivan ("Sullivan"), is a resident and citizen of the State of Illinois, who owns a
26 2007 Saturn Ion, which he purchased from an authorized G.M./Saturn dealer in
27 Chicago, Illinois. Sullivan chose the 2007 Saturn Ion, in part, because he wanted a
28 safely designed and manufactured vehicle.

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 6 of 49

1 17. Sullivan saw advertisements for G.M. vehicles before he purchased
2 the 2007 Saturn Ion, and, although he does not recall the specifics of the
3 advertisements, he does recall that safety and quality were consistent themes across
4 the advertisements he saw before making the purchase. These representations
5 about safety and quality influenced his decision to purchase the 2007 Saturn Ion.
6 Sullivan did not learn of the ignition switch defects until about March 2014. Had
7 G.M. disclosed the ignition switch defects, he would not have purchased the 2007
8 Saturn Ion, or would have paid less than he did.

9 18. Plaintiff and proposed Michigan State Class Representative, Katelyn
10 Saxson (“Saxson”), is a resident and citizen of the State of Michigan. Saxson
11 owns a 2006 Chevrolet Cobalt which was purchased from an authorized G.M.
12 dealer in Lansing, Michigan in August 2006. Saxson chose the 2006 Chevrolet
13 Cobalt, in part, because he wanted a safely designed and manufactured vehicle.

14 19. Saxson saw advertisements for G.M. vehicles before she purchased
15 the 2006 Chevrolet Cobalt, and, although she does not recall the specifics of the
16 advertisements, she does recall that safety and quality were consistent themes
17 across the advertisements he saw before making the purchase. These
18 representations about safety and quality influenced her decision to purchase the
19 2006 Chevrolet Cobalt. Saxson did not learn of the ignition switch defect until
20 about March 2014. Had G.M. disclosed the ignition switch defect, she would not
have purchased the vehicle, or would have paid less than she did.

21 20. Plaintiff and proposed Illinois State Class Representative, Amy C.
22 Clinton (“Amy Clinton”), is a resident and citizen of the State of Illinois, owns a
23 2007 Chevrolet Cobalt which was purchased new from an authorized G.M dealer
24 in Illinois. Amy Clinton chose the 2007 Chevrolet Cobalt, in part, because she
25 wanted a safely designed and manufactured vehicle.

26 21. Amy Clinton saw advertisements for G.M. vehicles before she
27 purchased the 2007 Chevrolet Cobalt, and, although she does not recall the

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 7 of 49

1 specifics of the advertisements, she does recall that safety and quality were
2 consistent themes across the advertisements she saw before making the purchase.
3 These representations about safety and quality influenced her decision to purchase
4 the 2007 Chevrolet Cobalt. Amy Clinton did not learn of the ignition switch
5 defects until about March 2014. Had G.M. disclosed the ignition switch defects,
6 she would not have purchased the 2007 Chevrolet Cobalt, or would have paid less
7 than she did.

8 22. Plaintiff and proposed Illinois State Class Representative, Allison C.
9 Clinton (“Allison Clinton”), is a resident and citizen of the State of Illinois, owns a
10 2007 Chevrolet Cobalt which was purchased new from an authorized G.M dealer
11 in Illinois. Allison Clinton chose the 2007 Chevrolet Cobalt, in part, because she
12 wanted a safely designed and manufactured vehicle.

13 23. Allison Clinton saw advertisements for G.M. vehicles before she
14 purchased the 2007 Chevrolet Cobalt, and, although she does not recall the
15 specifics of the advertisements, she does recall that safety and quality were
16 consistent themes across the advertisements she saw before making the purchase.
17 These representations about safety and quality influenced her decision to purchase
18 the 2007 Chevrolet Cobalt. Allison Clinton did not learn of the ignition switch
19 defects until about March 2014. Had G.M. disclosed the ignition switch defects,
20 she would not have purchased the 2007 Chevrolet Cobalt, or would have paid less
21 than she did. She has experienced issues with the ignition switch during the Class
22 Period.

23 24. Defendant General Motors LLC is a foreign limited liability company
24 formed under the laws of Delaware with its principal place of business located at
25 300 Renaissance Center, Detroit, Michigan. G.M. was incorporated in 2009 and,
26 on July 10, 2009, acquired substantially all assets and assumed certain liabilities of
27 General Motors Corporation (“Old G.M.”) through a Section 363 sale under
28 Chapter 11 of the U.S. Bankruptcy Code.

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 8 of 49

1 25. Among the liabilities and obligations expressly retained by G.M. after
2 the bankruptcy are the following:

3 From and after the Closing, Purchaser [G.M.] shall comply with the
4 certification, reporting and recall requirements of the National Traffic
5 and Motor Vehicle Act, the Transportation Recall Enhancement,
6 Accountability and Documentation Act, the Clean Air Act, the
7 California Health and Safety Code, and similar laws, in each case, to
8 the extent applicable in respect of vehicles and vehicle parts
9 manufactured or distributed by [Old G.M.].

10 26. G.M. also expressly assumed:

11 all Liabilities arising under express written warranties of [Old
12 G.M.] that are specifically identified as warranties and delivered
13 in connection with the sale of new, certified used or pre-owned
14 vehicles or new or remanufactured motor vehicle parts and
15 equipment (including service parts, accessories, engines and
16 transmissions) manufactured or sold by [Old G.M.] or Purchaser
prior to or after the Closing and (B) all obligations under Lemon
Laws.

17 27. Because G.M. acquired and operated Old G.M. and ran it as a
18 continuing business enterprise, and because G.M. was aware from its inception of
19 the ignition switch defects in the Defective Vehicles G.M. is liable through
20 successor liability for the deceptive and unfair acts and omissions of Old G.M., as
21 alleged in this Complaint.

TOLLING OF STATUTES OF LIMITATION

A. Discovery Rule Tolling

18 28. Any applicable statute(s) of limitations has been tolled by G.M.'s
knowing and active concealment and denial of the facts alleged herein.

19 29. Plaintiffs and the other members of the Classes could not have
discovered through the exercise of reasonable diligence that their Defective
20 Vehicles were defective within the time period for the applicable statutes of
21 limitation. Indeed, Plaintiffs and members of the Classes could not have
22 reasonably discovered the true nature of the defect in the ignition switches in their
23 Defective vehicles until shortly before this class action litigation was commenced.

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Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 9 of 49

1 **B. Fraudulent Concealment Tolling**

2 30. At all relevant times to this action G.M. affirmatively concealed from
3 Plaintiffs and other members of the Classes the defects in the Defective Vehicles.
4 G.M. withheld from Plaintiffs and other members of the Class information
5 essential to the pursuit of their claims and, as a direct consequence, Plaintiffs and
6 other members of the Classes could not have discovered the defects upon the
7 exercise of reasonable diligence.

8 31. As set forth below, G.M. was aware of the design defect in the
9 ignition switches as early as 2001 and despite such knowledge continued to
10 manufacture, market, advertise, sell, lease and warrant such vehicles without
11 disclosing the defects to Plaintiffs and other members of the Classes.

12 32. G.M. has repeatedly denied the existence of defects in the Defective
13 Vehicles to Plaintiffs and other members of the Class. Such denials concealed
14 G.M.'s knowledge of the defects, as well as the attendant risks, from Plaintiffs and
15 other members of the Classes.

16 33. The running of all applicable statutes of limitation have been
17 suspended with respect to any claims that Plaintiffs and other members of the
18 Classes have in connection with the defects in their Defective Vehicles, pursuant to
19 the fraudulent concealment doctrine.

20 **C. Estoppel**

21 34. G.M. had a continuous duty to disclose to Plaintiffs and members of the
22 Classes true character, quality and nature of the Defective Vehicles, that this defect
23 is based on a poor design and/or substandard materials, and that it will require
24 repairs, poses a safety concern, and diminishes the resale value of the Defective
25 Vehicles.

26 35. G.M. knowingly, affirmatively and consciously concealed the true
27 nature, quality and character of the Defective Vehicles from consumers.

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 10 of 49

1 36. As a result, G.M. is estopped from relying on any and all statutes of
2 limitation in defense of this action.

SUBSTANTIVE ALLEGATIONS

4 37. Since 2002, G.M. has sold millions of Defective Vehicles throughout
5 the world including within the United States knowing that they were prone to a
6 very dangerous safety defect namely that the ignition switch could unintentionally
7 move from the run position to “off” or “accessory” resulting in a loss of power,
8 loss of braking, and a failure to deploy airbags in the event of a collision.

9 38. Upon information and belief, G.M. installed these defective ignition
10 switches in its cars from 2002 to 2007. During this period, G.M. received
11 hundreds of complaints that the Defective Vehicles were prone to sudden shut-off
12 even though it concomitantly touted the Defective Vehicles as highly reliable and
safe.

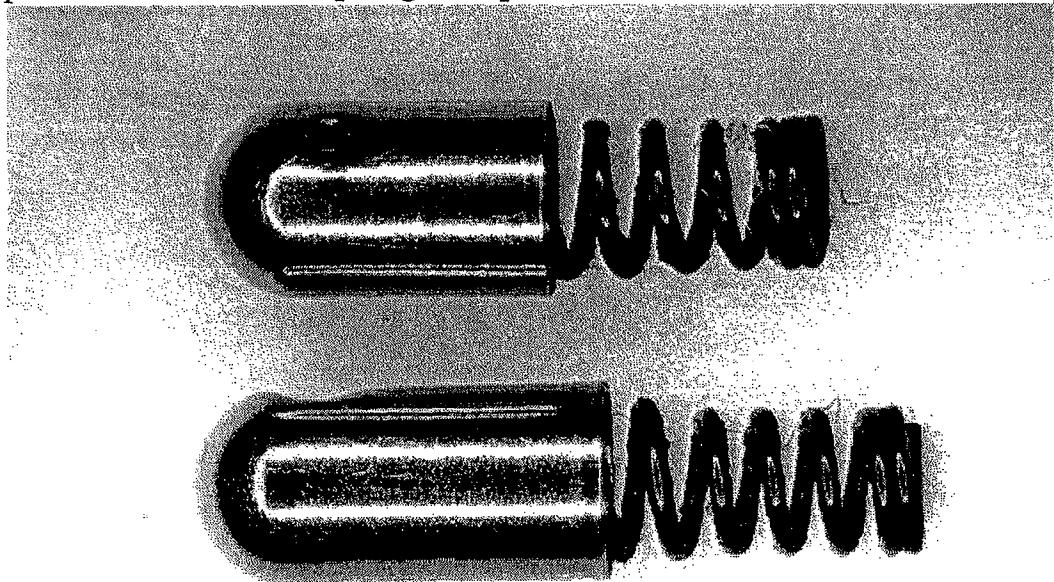
39. The issues surrounding the Defective Vehicles include the period
when Old G.M. designed and manufactured the vehicles with defective ignition
switches, and failed to disclose the existence of the defect even after Old G.M.
became aware that it had caused fatalities. G.M. is liable for Old G.M.'s unfair
and deceptive acts and/or omissions by virtue of the statutory obligations it
assumed. G.M. also has successor liability for the conduct of Old G.M. because
G.M. has continued to operate the franchise of Old G.M knowing full well that the
ignition switches were defectively designed.

21 40. Upon information and belief, Delphi Automotive PLC (“Delphi”)
22 manufactured the defective ignition switches. Delphi was a former subsidiary of
23 Old G.M until it was spun off in 1999 and became an independent company. Upon
24 information and belief, Delphi knew the switches were defective at all relevant
25 times and was in a position to manufacture a corrective device or other fix for a
26 minimal amount of money, possibly from \$2 to \$5 per vehicle.

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 11 of 49

1 41. The Defective Vehicles are inherently dangerous because the
2 defective ignition switches renders them vulnerable to inadvertent engine shut off
3 during normal operation. The ignition switches can, during normal driving
4 conditions, shut off the engine and electrical system in Defective Vehicles without
5 warning. Once the engine and electrical system is shut down, power steering and
6 power brakes fail raising a substantial risk that the vehicle will be involved in an
7 accident. Moreover, with the electrical system down, the vehicle's airbags are
8 disengaged, thus, leaving passengers vulnerable to serious bodily injury or even
9 death in the event of an accident.

10 42. It has now been disclosed that the defect stems from a small,
11 inexpensive part called the "detent plunger" reproduced below:



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26 ² See id.

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Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 12 of 49

1 43. After years of denying the existence of any problem with the
2 Defective Vehicles, on February 14, 2014, G.M. finally disclosed in a report posted
3 on the National Highway Traffic Safety Administration's ("NHTSA") website,
4 dated February 7, 2014, that it would recall 619,000 cars in the United States
5 because either a heavy key ring or a "jarring event" such as running off the road
6 could cause the ignition to shut off and possibly prevent the air bags from
7 deploying in a crash. The vehicles affected by the initial recall were the 2007
8 Pontiac G5 and 2005-07 Chevrolet Cobalt. In addition to the vehicles being
9 recalled in the United States, another 153,000 in Canada and 6,100 in Mexico were
10 to be recalled. In a separate news release, G.M. said it knew of at least six deaths
11 in five crashes in which the front air bags did not deploy. Commenting on the
12 events, a G.M. spokesman said "all of these crashes occurred off-road and at high
13 speeds, where the probability of serious or fatal injuries was high regardless of air
14 bag deployment."³

15 44. The February 7, 2014 G.M. letter to the NHTSA, further detailed the
16 problem as follows:

17 The ignition switch torque performance may not meet General
18 Motors' specification. If the torque performance is not to specification,
19 and the key ring is carrying added weight or the vehicle goes off road
20 or experiences some other jarring event, the ignition switch may
21 inadvertently be moved out of the "run" position. The timing of the
22 key movement out of the "run" position, relative to the activation of
23 the sensing algorithm of the crash event, may result in the airbags not
24 deploying, increasing the potential for occupant injury in certain kinds
25 of crashes. Until this correction is performed, customers should
remove non-essential items from their key ring.

26 Dealers are to replace the ignition switch.⁴

27 ³ Christopher Jenson, *General Motors Recalls 778,000 Small Cars for Ignition Switch Problems*,
28 N.Y. Times, (Feb. 13, 2014), <http://www.nytimes.com/2014/02/14/automobiles/general-motors-recalls-778000-small-cars-for-ignition-switch-problem.html>.

29 ⁴ Letter from General Motors LLC to Nancy Lewis, Assoc. Admin. for Enforcement, Nat'l Hwy.
30 Traffic Safety Admin., Recall Management Division (NVS-215), (Feb. 7, 2014), <http://www-odi.nhtsa.dot.gov/acms/cs/jaxrs/download/doc/UCM450012/RCDNN-14V047-1347P.pdf>.

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 13 of 49

1 45. At the center of the recall is the above-mentioned Chevrolet Cobalt.
2 Engineered more than a decade ago, executives at G.M. touted it as the beginning
3 of a new era and the replacement for the poorly received Chevrolet Cavalier. As
4 reported in *The New York Times* on March 17, 2014, the Cobalt “would not only
5 replace the aging and undistinguished Chevrolet Cavalier, but it would also prove
6 that G.M.’s engineering and manufacturing skills had matured to the point that –
7 like the Japanese automakers – it could build a world-class small car.”⁵ The
8 Cobalt’s “mechanical underpinnings” were first developed in the 2003 Saturn Ion
9 and included the flawed ignition switch. *Id.* G.M. knew this flaw existed from the
10 moment the car hit dealers’ floors even though it touted the car as “safe and sound”
11 in an advertisement for a 2007 Saturn Ion.

12 46. The advertisement states, “The Ion’s designers accounted for almost
13 everything but compromise. It’s nimble, yet strong. Modern, but inviting. Sporty,
14 yet safe and sound. Featuring the U.S. Government’s highest possible front crash-
test rating-five stars.”

15 47. G.M. promotional materials include the following claims of safety and
16 reliability:

17 2003 Saturn Ion: “The ION sedan and quad coupe are designed to
18 carry on the tradition of being at the top of the class when it comes
to safety and security.”

19 2006 and 2007 Saturn Ion: “Like all Satellites, the Ion was designed
20 with an emphasis on safety and security.”

21 2006 Pontiac G5: “The 2006 Pontiac G5 Pursuit offers a host of
features for safety-minded consumers.”

22 2006 Chevrolet HHR: “HHR is designed to protect occupants in the
event of a crash.”

23 2007 Saturn Sky: “Sky has a host of safety features ... including dual
stage frontal air bags ... that use the latest sensing technology to
turn the front passenger air bag on or off.”

25
26 ⁵ Christopher Jensen, *G.M. Saw Cobalt as Its Entry Into a Better Small-Car Market*, N.Y. Times,
27 (Mar. 17, 2014), <http://www.nytimes.com/2014/03/18/business/gm-saw-cobalt-as-its-entry-into-the-upscale-small-car-market.html?ref=generalmotorscorporation.html>.

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 14 of 49

1 2005 - 2007 Chevrolet Cobalt: "Safety was a priority in the
2 development of the Cobalt." Cobalt's "rigid body structure ...
3 reinforces occupant safety." "The rigid body structure ...
4 reinforces its safety [and] load carrying capability for crash
5 protection."

6 48. Accordingly, purchasers of the Defective Vehicles were lead to
7 believe that the cars were safe and reliable. This proved to be untrue.

8 49. On February 25, 2014, G.M. announced it would double the size of
9 the recall stemming from an ignition switch defect in the Defective Vehicles.
10 G.M. said in the release that it was now aware of the deaths of at least 12 front-seat
11 occupants in crashes where the front air bags did not deploy. While G.M. had
12 previously recalled 619,000 vehicles in the United States, including Chevrolet
13 Cobalts from the 2005-7 model years and 2007 Pontiac G5 models, G.M. added
14 2003-7 Saturn Ions, 2006-7 Chevrolet HHRs and 2006-7 Pontiac Solstice and
15 Saturn Sky models.⁶

16 50. On February 26, 2014, *The Associated Press* reported that NHTSA
17 was investigating whether G.M. acted quickly enough to recall 1.6 million older-
18 model small cars in a case linked to 12 deaths. According to the *AP*, the agency has
19 the authority to fine G.M. as much as \$35 million under legislation that went into
20 effect late last year. Automakers must report evidence of safety defects within five
21 days. G.M. filed documents with the safety agency recently however that showed it
22 knew of the problem as early as 2004.⁷

23 51. The recall follows years of warnings and mounting evidence that the
24 Defective Vehicles were prone to potentially dangerous operational shutdown that
25 rendered the airbags inoperative. It has been reported by *The New York Times* on

26 ⁶ Christopher Jenson, *G.M. to Expand Small Car Recall to 1.4 Million Vehicles*, N.Y. Times (Feb.
27 25, 2014), <http://www.nytimes.com/2014/02/26/automobiles/gm-to-expand-small-car-recall-to-1-4-million-vehicles.html>.

28 ⁷ Tom Krisher, *U.S. Safety Agency Likely is investigating G.M. for Slow Response to Small Car Recall*, A.P. (Feb. 26, 2014), <http://www.usnews.com/news/business/articles/2014/02/26/us-safety-agency-likely-probing-gm-recall-response.html>.

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 15 of 49

1 March 2, 2014, that shortly after the Cobalts left their Lordstown, Ohio assembly
2 plant, G.M. learned that there was a problem with the ignition system.⁸

3 52. For example, engineers determined as early as 2004 that a defect in
4 the ignition switch meant a key could be unintentionally jostled out of the “Run”
5 position to the “Accessory” or “Off” position by a heavy key ring or by a nudge
6 from a driver’s leg. With the ignition switch in the “Accessory” or “Off” position,
7 it would cause the car to stall and shut down power. The powering down of the
8 engine and electrical system would also disable the airbags so that any accident
9 ensuing from the sudden and unexpected stall would not deploy the airbag safety
10 devices and leave the vehicle’s occupants exposed.

11 53. In 2004, engineers, having identified the problem, proposed a fix.
12 G.M. executives, however, decided, based among other things, that cost was
13 prohibitive and declined to take remedial action. It has been reported that the 2004
14 proposed fix was actually less than \$12.

15 54. Reports detailing sudden ignition turn off continued through 2005 and
16 yet another fix was considered but not implemented.⁹ G.M. instead, sought to
17 place the burden on customers and, in 2005, G.M. sent dealers a technical service
18 bulletin about the 2005-06 Cobalt warning about a stalling problem related to
19 heavy key rings. At that time, a G.M. executive explained, “in rare cases when a
20 combination of factors is present, a Chevrolet Cobalt driver can cut power to the
21 engine by inadvertently bumping the ignition key to the accessory or off position
22 while the car is running. Service advisers are telling customers they can virtually
23 eliminate this possibility by taking several steps, including removing nonessential
24 material from their key rings.”¹⁰

25 ⁸ Christopher Jensen, *In G.M. Recalls Inaction and Trails of Fatal Crashes*, N.Y. Times, (Mar. 12,
26 2014), <http://www.nytimes.com/2014/03/03/business/in-general-motors-recalls-inaction-and-trail-of-fatal-crashes.html>.

27 ⁹ *See id.*

28 ¹⁰ *Id.*

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 16 of 49

1 55. G.M.'s apathy for customers and public safety became even more
2 apparent when it was revealed on March 12, 2014, by *The New York Times* that
3 G.M. knew since 2001 there were serious safety problems in the Defective
4 Vehicles. According to an expanded chronology submitted to regulators, G.M.
5 admitted that during the development of the Saturn Ion in 2001, it learned that the
6 ignition switch could turn off. While G.M. insisted that the issue was resolved
7 then, a 2003 internal inquiry indicated otherwise.¹¹

8 56. Further, at a May 15, 2009 meeting, G.M. confirmed from the data
9 retrieved from the "black box" of a Cobalt during a post accident examination that
10 the ignition switch in the Defective Vehicle was the cause of the accident.¹²

11 57. According to the *N.Y. Times*, there is even more additional evidence
12 of knowledge:

13 Since the engineers' meeting in May 2009, at least 23 fatal crashes
14 have involved the recalled models, resulting in 26 deaths. G.M.
15 reported the accidents to the government under a system called Early
16 Warning Reporting, which requires automakers to disclose claims
17 they receive blaming vehicle defects for serious injuries or deaths.

18 A New York Times review of 19 of those accidents – where victims
19 were identified through interviews with survivors, family members,
20 lawyers and law enforcement officials – found that G.M. pushed back
21 against families in at least two of the accidents, and reached
22 settlements that required the victims to keep the discussions
23 confidential.

24 In one of those cases, the company settled a lawsuit brought by the
25 family of Hasaya Chansuthus, 25, who crashed her 2006 Cobalt in
26 Murfreesboro, Tenn. After resisting, the company negotiated a deal
27 even though Ms. Chansuthus's blood-alcohol level was more than
28 twice the legal limit. Data from the black box – which records vehicle
systems information – showed that the key was in the accessory or off
position, according to court documents, and the air bags did not
deploy. (The accessory position turns off the car, disabling the air
bags, but allows certain electronics, like the radio, to run.) The terms
of the settlement are confidential.

25 In other instances, G.M. ignored repeated calls, families said. "We did
26 call G.M.," said Leslie Dueno, whose 18-year-old son, Christopher

27 ¹¹ Hilary Stout, Bill Vlasic, Danielle Ivory, and Rebecca R. Ruiz, *Carmaker Misled Grieving Families on a Lethal Flaw*, N.Y. Times (Mar. 25, 2014), <http://www.nytimes.com/2014/03/25/business/carmaker-mislead-grieving-families-on-a-lethal-flaw.html>.

28 ¹² *Id.*

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 17 of 49

1 Hamberg, was killed on June 12, 2009 – not quite a month after the
2 critical May 15 meeting of G.M. engineers about the ignition data –
3 driving his 2007 Cobalt home before dawn in Houston. He lost control
4 at 45 miles per hour and hit a curb, then a tree, the police report said.
5 “Nobody ever called me. They never followed up. Ever.”¹³

6 58. As explained above, the evidence that G.M. knew there was a link
7 between the defective ignition switches and accidents came in the form of
8 electronically captured data retrieved from sensing modules removed from
9 wrecked cars. Premised upon a review of this information, the *New York Times*
10 stated that by the end of 2007, G.M. recognized for certain the “link between a
11 faulty switch and deactivated air bags”:

12 Consumer complaints and claims came to the company in a variety
13 of ways – through lawsuits, calls, letters and emails, warranty claims,
14 or insurance claims. G.M.’s legal staff was the recipient of lawsuits,
15 insurance information, accident reports and any other litigation-
16 related paperwork. But warranty claims and customer calls were
17 routed through the sales and service division – a vast bureaucracy that
18 occupies most of one tower at G.M.’s headquarters in Detroit.
19 Because the legal staff reports to the chief executive, and the sales
20 department to the head of G.M. North America, it is unclear whether
21 they share information related to a specific car, like the Cobalt.

22 And an even bigger communication gap on the Cobalt appeared to
23 exist between the engineers in Warren, Mich., and the company
24 lawyers in downtown Detroit. The most glaring example was that
25 G.M. officials meeting with federal regulators in March 2007 did not
know about a fatal Cobalt wreck in 2005 – even though G.M.’s legal
department had had an open file on the case for almost two years.

26 Within the product development system was an isolated, subgroup of
27 engineers assigned to Cobalt safety tests. According to the
28 chronology G.M. has submitted to federal safety regulators, an
unknown number of engineers were involved in opening – and
closing – four separate inquiries on the Cobalt between 2004 and
2009. Engineers also performed four other analyses.

29 By the end of 2007, G.M. had examined data from nine “sensing and
30 diagnostic modules” of crashed vehicles. In four cases, the ignition
31 was in the accessory position. But it was not until May 15, 2009, that
32 G.M. engineers verified the data. That day, they met with officials
33 from its supplier Continental, which manufactured the Cobalt’s
34 diagnostic modules, or black boxes. By then G.M. had recovered 14
35 modules, and according to Continental, the ignition was in the
36 accessory position on seven of the 14 cases. This appears to be the
37 first proven link between a faulty switch and deactivated air bags.¹⁴

38
39 ¹³ *Id.*

40 ¹⁴ *Id.*

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 18 of 49

1 59. Despite knowing full well that the Defective Vehicles' defective
2 ignition switch was linked to horrific accidents including fatalities, G.M.
3 vehemently denied its culpability until just hours before the first recall. Indeed, it
4 employed a harsh litigation strategy when dealing with the claims brought by the
5 many who were harmed and the families of the deceased. According to *The New*
6 *York Times*, "in one case, G.M. threatened to come after the family of an accident
7 victim for reimbursement of legal fees if the family did not withdraw its lawsuit.
8 In another instance, it dismissed a family with a terse, formulaic letter, saying
9 there was no basis for claims."¹⁵

10 60. G.M. also threatened injured parties with retaliatory lawsuits and
11 asserted that the earlier bankruptcy barred these people from pursuing claims. As
12 reported in the *Times*:

13 That same month, lawyers representing G.M. wrote to the lawyer in
14 another wrongful-death case demanding that the lawsuit be
15 withdrawn. The family of Allen Ray Floyd had sued G.M. after Mr.
16 Floyd lost control of a 2006 Cobalt in daylight near Loris, S.C. Two
17 weeks earlier, his sister had lost control of the same vehicle on the
18 same road; she had it towed. The company contended the suit was
19 "frivolous" because the accident occurred on July 3, 2009, a week
20 before the company's bankruptcy agreement took effect, which
21 meant G.M. was not liable for damages.

22 "They sent us a letter in September telling us to drop our case or else
23 they'd come after us," said William Jordan, the family's lawyer.
24 "They were going to come after me for sanctions, to pay their
25 attorneys' fees."

26 Mr. Jordan added: "We looked at the prospect of going into
27 bankruptcy court and duking it out with them and looking at the
28 language of the bankruptcy legislation, and it just seemed to be such a
big undertaking. We decided to capitulate."

29 61. Finally, G.M.'s conduct and effort to avoid liability by hiding behind
30 Old G.M.'s bankruptcy, has federal authorities investigating whether the
31 automaker committed fraud by not disclosing defects that could lead to expensive
32 future liabilities. The issue is whether Old G.M. knew about the ignition defect at

27 ¹⁵ *Id.*

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 19 of 49

1 the time it filed for bankruptcy in 2009, and failed to fully disclose the problem.
2 The record is quite clear, however, that Old G.M. and G.M. knew the defect
3 existed in the Defective Vehicles as early as 2001, and clearly by 2002.

4 62. G.M. and its predecessor were at all times under an affirmative duty to
5 advise customers about known defects. Specifically, under the Transportation
6 Recall Enhancement, Accountability and Documentation Act (“TREAD Act”)
7 and its accompanying regulations, when a manufacturer learns that a vehicle
8 contains a safety defect, the manufacturer must promptly disclose the defects. If it
9 is determined that the vehicle is defective, the manufacturer must notify vehicle
10 owners, purchasers, and dealers of the defect and must remedy the defect. This
11 duty existed throughout the Class Period.

SUCCESSOR LIABILITY

12 63. G.M. was incorporated in 2009 and on July 10, 2009 acquired
13 substantially all assets and assumed certain liabilities of G.M. Corp through a
14 Section 363 sale under Chapter 11 of the U.S. Bankruptcy Code. Bankruptcy does
15 not immunize G.M. from liability here. Specifically, G.M. expressly assumed
16 certain obligations under, inter alia, the TREAD Act, and is liable for its non-
17 disclosure of the ignition switch defects from the date of its formation on July 10,
18 2009.

19 64. G.M. also expressly assumed liability for warranty claims in the
20 Master Sale and Purchase Agreement of June 26, 2009, and this assumption of
21 liability includes the claims of the Class.

22 65. Moreover, G.M. has successor liability for Old G.M.’s acts and
23 omissions in the marketing and sale of the Defective Vehicles during the Class
24 Period because G.M. has continued the business enterprise of Old G.M., for the
25 following reasons:

- 26 • G.M. admits that it knew of the ignition system defects
27 from the very date of its formation;

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 20 of 49

- 1 • G.M. has continued in the business of designing,
2 manufacturing, and marketing vehicles, including at
3 least some of the same vehicles as Old G.M.;
- 4 • G.M. retained the bulk of the employees of Old
5 G.M.;
- 6 • G.M. acquired owned and leased real property of Old
7 G.M., including all machinery, equipment, tools,
8 information technology, product inventory, and
9 intellectual property;
- 10 • GM acquired the contracts, books, and records of Old
11 G.M. Corp; and
- 12 • G.M. acquired all goodwill and other intangible
13 personal property of Old G.M.

14 66. G.M. and Old G.M. did not report information within their
15 knowledge to federal authorities (NHTSA) or consumers, nor would a reasonable
16 and diligent investigation have disclosed that G.M. and Old G.M. had
17 information in their possession about the existence and dangerousness of the
18 defect and opted to conceal that information until shortly before this action was
19 filed.

20 67. G.M. and Old G.M. were, and G.M. remains, under a continuing duty
21 to disclose to NHTSA, Plaintiffs and the Classes the true character, quality, and
22 nature of the Defective Vehicles; that this defect is based on dangerous,
23 inadequate, and defective design and/or substandard materials; and that it will
24 require repair, poses a severe safety concern, and diminishes the value of the
25 Defective Vehicles.

26 68. Because of the active concealment by G.M. and Old G.M., any and all
27 limitations periods otherwise applicable to Plaintiffs' claims have been tolled.
28

29 **CLASS ACTION ALLEGATIONS**

30 69. Plaintiffs brings this action pursuant to Rules 23(a), (b)(2) and/or
31 (b)(3) of the Federal Rules of Civil Procedure on behalf of the following Classes:
32

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 21 of 49

- 1 a. All persons and entities that purchased or leased Defective
2 Vehicles in the United States between 2002 and the present (the
3 “Class Period”) (the “Nationwide Class”).
4 b. All persons and entities that purchased or leased Defective
5 Vehicles during the Class Period in the State of California (the
6 “California State Class”).
7 c. All persons and entities that purchased or leased Defective
8 Vehicles during the Class Period in the State of Florida (the
9 “Florida State Class”).
10 d. All persons and entities that purchased or leased Defective
11 Vehicles during the Class Period in the State of Illinois (the
12 “Illinois State Class”).
13 e. All persons and entities that purchased or leased Defective
14 Vehicles during the Class Period in the State of Michigan (the
15 “Michigan State Class”).

16 70. Together, the Nationwide, California, Florida, Illinois, and
17 Michigan State Classes shall be collectively referred to hereinafter as the
18 “Class.” The Class excludes G.M. and any entity in which G.M. has a controlling
19 interest, and its officers, directors, legal representatives, successors and assigns.
20 The Class also excludes any entity in which G.M. has or had a controlling interest,
21 and its officers, directors, legal representatives, successors and assigns.

22 71. The Class is so numerous that joinder of all members is impracticable.

23 72. A class action is superior to all other available methods for the fair
24 and efficient adjudication of this controversy.

25 73. Plaintiff’s claims are typical of the claims of the Class. As alleged
26 herein, Plaintiffs and members of the Class all sustained damages arising out of the
27 G.M.’s same course of unlawful conduct.

28

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 22 of 49

1 74. There are questions of law and fact common to the Class, including
2 but not limited to:

- 3 • Whether G.M. and its predecessor had knowledge of the
4 defect prior to its issuance of the current safety recall;
- 5 • Whether G.M. and its predecessor concealed defects
6 affecting the Defective Vehicles;
- 7 • Whether G.M. and its predecessor misrepresented the
8 safety of the Defective Vehicles;
- 9 • Whether G.M. and its predecessor's misrepresentations
10 and omissions regarding the safety and quality of its
11 vehicles were likely to deceive a reasonable person;
- 12 • Whether a reasonable customer would pay less for a car
13 that had the ignition defect;
- 14 • Whether a reasonable customer would pay less for a vehicle
15 that did not conform to G.M. and its
16 predecessor's assurances of quality;
- 17 • Whether G.M. and its predecessor breached its
18 applicable warranties;
- 19 • Whether damages, restitution, equitable, injunctive,
20 compulsory, or other relief is warranted; and
- 21 • Whether injunctive relief enjoining the reoccurrence of
22 Defendant's conduct and/or declaratory relief that such
23 conduct is unlawful, is warranted.

24 75. The interest of Class members in individually controlling the
25 prosecution of separate actions is theoretical and not practical. The members of the
26 Class have a high degree of similarity and are cohesive. Plaintiffs anticipate no
27 difficulty in the management of this matter as a class action.

28 76. Class action status is also warranted under Federal Rules of Civil
29 Procedure 23(b)(2) because G.M. has acted or refused to act on grounds generally
30 applicable to the Class, thereby making appropriate final injunctive relief or
31 corresponding declaratory relief with respect to the Class as a whole.

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 23 of 49

1 77. Class action status is also warranted under Federal Rules of Civil
2 Procedure 23(b)(3) because questions of law or fact common to the members of the
3 Class predominate over any questions affecting only individual members, and a
4 class action is superior to other available methods for the fair and efficient
5 adjudication of this controversy.

CAUSES OF ACTION

COUNT I

VIOLATIONS OF MAGNUSON-MOSS FEDERAL WARRANTY ACT

15 U.S.C. § 2301, *et seq.*

(On Behalf of Plaintiffs and the Nationwide Class)

10 78. Plaintiffs and the Class incorporate by reference each preceding and
11 succeeding paragraph as though fully set forth at length herein.

12 79. This claim is brought on behalf of the Nationwide Class (the "Class")
13 for purposes of this Count).

14 80. This Court has jurisdiction to decide claims brought under the
15 Magnuson-Moss Warranty Act, 15 U.S.C. §§ 2301, *et seq.* (the “Act”), by virtue of
16 28 U.S.C. §§ 1332 (a)-(d).

17 81. The Defective Vehicles constitute “consumer products,” as defined in
18 15 U.S.C. § 2301.

19 82. Plaintiffs and the other members of the Class are “consumers,” as
20 defined in 15 U.S.C. § 2301.

21 83. Old G.M. and G.M. are “suppliers” and a “warrantors” of the
22 Defective Vehicles as defined in 15 U.S.C. § 2301.

23 84. The Defective Vehicles are “consumer products” within the meaning
24 of the Act, pursuant to 15 U.S.C. § 2301(1).

85. Old G.M. supplied a "written warranty" regarding the Defective Vehicles, as defined in 15 U.S.C. § 2301(6).

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 24 of 49

1 86. As suppliers and in connection with the sale of the Defective
2 Vehicles, Old G.M. made “implied warranties” arising under State law regarding
3 the Defective Vehicles, as defined in 15 U.S.C. § 2301(7).

4 87. The Defective Vehicles were designed with defective ignition
5 switches that can cause the Defective Vehicles’ engine and electrical system to
6 shut down without warning, exposing vehicle occupants to serious risks of
7 accidents, injuries and potentially death. G.M. issued a recall with respect to the
8 Defective Vehicles, thus, admitting that the ignition switches are defective.

9 88. As more fully described above, G.M. breached its express and implied
10 warranties to Plaintiffs and the members of the Class by, among other things:
11 selling and/or leasing the Defective Vehicles in an unmerchantable condition;
12 selling and/or leasing the Defective Vehicles when they were not fit for the
13 ordinary purposes for which vehicles are used, and which were not fully
14 operational, safe or reliable; and not repairing or curing defects and
nonconformities in the Defective Vehicles as they were identified.

15 89. Plaintiffs and each member of the Class had sufficient direct dealings
16 with old G.M., G.M. or their agents (dealerships) to establish privity of contract
17 between G.M. and each member of the Class. Privity, however, is not required
18 here because Plaintiffs and each member of the Class are intended third-party
19 beneficiaries of contracts between G.M. and its dealers, and specifically, they are
20 intended beneficiaries of G.M.’s express and implied warranties. The dealers were
21 not intended to be the ultimate consumers of the Defective Vehicles and have no
22 rights under the warranty agreements provided with the Defective Vehicles; the
23 warranty agreements were designed for and intended to benefit the ultimate
24 consumers only. Additionally, privity is not required because the Defective
25 Vehicles are dangerous instrumentalities due to the aforementioned defects and
26 nonconformities.

27
28

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 25 of 49

1 90. G.M. has successor liability for the acts of Old G.M. as described
2 above.

3 91. Requiring an informal dispute settlement procedure or affording G.M.
4 a reasonable opportunity to cure its breach of warranties would be unnecessary and
5 futile. At the time of sale or lease of each the Defective Vehicles, G.M. knew,
6 should have known, or was reckless in not knowing of its misrepresentations
7 concerning the Defective Vehicles' inability to perform as warranted, but
8 nonetheless failed to rectify the situation and/or disclose the defective design.
9 Under the circumstances, the remedies available under any informal settlement
10 procedure would be inadequate and any requirement – under the Act or otherwise –
11 that Plaintiffs resort to an informal dispute resolution procedure and/or afford G.M.
12 a reasonable opportunity to cure its breach of warranties is excused and thereby
13 deemed satisfied.

14 92. Based on the facts alleged herein, any durational limitation to the
15 warranties that would otherwise bar the claims under the Act, whether premised
16 upon express or implied warranty, is procedurally and substantively
17 unconscionable under federal law and the applicable state common law.

18 93. Based on the facts alleged herein, any durational limitation to the
19 warranties that would otherwise bar the claims in this Count is tolled under
20 equitable doctrines. Plaintiffs and the other Class members sustained injuries
21 and damages as a proximate result of G.M.'s violation of their written and/or
22 implied warranties and are entitled to legal and equitable relief against G.M.,
23 including economic damages, rescission or other relief as appropriate.

24 94. The amount in controversy of Plaintiffs' individual claims meets or
25 exceeds the sum of \$25. The amount in controversy of this action exceeds the sum
26 of \$50,000, exclusive of interest and costs, computed on the basis of all claims to
27 be determined in this lawsuit.

28

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 26 of 49

1 95. Plaintiffs, on behalf of themselves and each member of the Class, seek
2 all damages permitted by law, including diminution in value of their Defective
3 Vehicles, in an amount to be proven at trial.

COUNT II
FRAUDULENT CONCEALMENT
(On behalf of Plaintiffs and the Nationwide Class)

6 96. Plaintiffs and the Class incorporate by reference each preceding and
7 succeeding paragraph as though fully set forth at length herein.

8 97. This claim is brought on behalf of the Nationwide Class (the "Class")
9 for purposes of this Count).

10 98. Old G.M. and G.M. concealed material facts about the defect in the
11 ignition switches of the Defective Vehicles and the safety of such vehicles.

12 99. G.M. has successor liability for the acts of concealment of Old G.M.
13 as described above.

14 100. G.M. had a duty to disclose these safety, quality, dependability, and
15 reliability issues because G.M. consistently marketed the Defective Vehicles as
16 safe.

17 101. Once G.M. made representations to the public about the safety,
18 quality, dependability and reliability of the Defective Vehicles, G.M. was under a
19 duty to disclose these omitted facts, because where one does speak one must speak
20 the whole truth and not conceal any facts that materially qualify those facts stated.
21 A manufacturer that volunteers information about its product must be truthful, and
the telling of a half-truth calculated to deceive is fraud.

22 102. In addition, G.M. had a duty to disclose omitted facts with respect to
23 the defects in the ignition switches of the Defective Vehicles because they were
24 known and/or accessible only to G.M., which has superior knowledge and
25 exclusive access to the facts, and G.M. knew they were not known to or
26 discoverable by Plaintiffs and the other Class members.

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 27 of 49

1 103. These omitted facts were material because they concern the safety and
2 reliability of the Defective Vehicles. That a defect existed in the ignition switches
3 of the Defective Vehicles which could cause the vehicles' engine and electrical
4 system to shut down without warning, and disable the vehicles' safety systems, are
5 material facts to consumers.

6 104. G.M. actively concealed and/or suppressed these material facts, in
7 whole or in part, with the intent to induce Plaintiffs and the other Class members to
8 purchase Defective Vehicles at a higher price for the Defective Vehicles, which did
9 not match Defective Vehicles' true value.

10 105. G.M. still has not made full and adequate disclosure and continues to
11 defraud Plaintiffs and the other members of the Class by concealing material
12 information regarding the defects in the Defective Vehicles and other G.M.
13 vehicles.

14 106. Plaintiffs and the other members of the Class reasonably relied on
15 G.M.'s statements in its marketing and advertising that the Defective Vehicles
16 were safe, and would not have purchased or leased the Defective Vehicles had they
17 known of the defects in the ignition switches, or would not have paid as much as
18 they did.

19 107. As a result of the concealment and/or suppression of the facts,
20 Plaintiffs and the other members of the Class sustained damages. For those Class
21 members who elect to affirm the sale, damages include the difference between the
22 actual value of that for which Class members paid and the actual value of what
23 they received, together with additional damages arising from the sales transaction.
24 Those Class members who want to rescind their purchase are entitled to restitution
25 and consequential damages.

26 108. G.M.'s acts were done maliciously, deliberately, with intent to
27 defraud, and in reckless disregard of Plaintiffs' and the other Class members'
28

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 28 of 49

1 rights and well-being, and to enrich itself. G.M.'s conduct warrants an assessment
2 of punitive damages in an amount sufficient to deter such conduct in the future.

3 **COUNT III**

4 **VIOLATIONS OF THE CONSUMER LEGAL REMEDIES ACT,
CAL. CIV. CODE § 1750, *et seq.***

5 **(On Behalf of Plaintiff Grumet and the California State Class)**

6 109. Plaintiff Grumet and the California State Class incorporate by reference
7 each preceding and succeeding paragraph as though fully set forth at length herein.

8 110. This claim is brought on behalf of Plaintiff Grumet and the California
9 State Class (the "Class" for purposes of this Count) pursuant to the Consumers
10 Legal Remedies Act, Cal. Civ. Code §§ 1750, *et seq.* ("CLRA") and is limited
11 solely to injunctive relief at this time.

12 111. G.M. is a "person" within the meaning of California Civil Code §
13 1761(c).

14 112. Plaintiff Grumet and the members of the Class are "consumers" as
15 defined by California Civil Code § 1761(d).

16 113. The Defective Vehicles are "goods" within the meaning of California
17 Civil Code § 1761(a).

18 114. Under the TREAD Act, a manufacturer of a vehicle is required to
19 notify NHTSA, as well as the owners, purchasers and dealers of the vehicle, if the
20 manufacturer learns that the vehicle contains a defect related to motor vehicle
21 safety or the vehicle does not comply with an applicable motor vehicle safety
22 standard. 49 U.S.C. § 30118(c).

23 115. Plaintiff Grumet and the members of the Class were deceived by
24 G.M.'s failure to disclose the defect in the ignition switches of the Defective
25 Vehicles.

26 116. Old G.M. had knowledge of the ignition switch defects since 2001,
27 however, never disclosed the existence of such defects. GM admitted the existence
28

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 29 of 49

1 of the ignition switch defects in the Defective Vehicles in connection with the
2 issuing of the recall in February 2014.

3 117. G.M. admits that the defect in the ignition switches of the Defective
4 Vehicles has been linked to at least 12 accident related fatalities.

5 118. In acquiring Old G.M., G.M. assumed the obligations to make all
6 required disclosures under the TREAD Act.

7 119. G.M. also has successor liability for the unfair or deceptive acts or
8 practices of Old G.M.

9 120. By failing to disclose and consciously concealing the ignition switch
10 defects in the Defective Vehicles, in violation of the TREAD Act, Old G.M. and G.M.
11 engaged in unfair or deceptive acts or practices prohibited by the CLRA, including in
12 the following respects:

13 (a) in violation of § 1770(a)(5), which prohibits “[r]epresenting that
14 goods or services have sponsorship, approval, characteristics,
15 ingredients, uses, benefits, or quantities which they do not have or that
16 a person has a sponsorship, approval, status, affiliation, or connection
17 which he or she does not have.”

18 (b) in violation of § 1770(a)(7), which prohibits “[r]epresenting that
19 goods or services are of a particular standard, quality, or grade, or that
20 goods are of a particular style or model, if they are of another.”

21 (c) in violation of § 1770(a)(9), which prohibits “[a]dvertising goods
22 or services with intent not to sell them as advertised.”

23 (d) in violation of § 1770(a)(16), which prohibits “[r]epresenting that
24 the subject of a transaction has been supplied in accordance with a
25 previous representation when it has not.”

26 121. For more than a decade, Old G.M. and G.M. failed to disclose to NHTSA
27 the known defects in the ignition switches in the Defective Vehicles. As a result,
28 consumers, including Plaintiff Grumet and the member of the Class received no notice

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 30 of 49

1 of the defect that could shut down engine power without warning, disable power steering
2 and brakes, and cause airbags not to deploy in an accident.

3 122. Old G.M. and G.M. knew that the defects in the ignition switches in the
4 Defective Vehicles rendered such vehicle unreasonably dangerous to consumers,
5 however, failed to disclose the danger to NHTSA, Plaintiff Grumet or the public –
6 despite having a duty to do so.

7 123. Instead, Old G.M. and G.M. allowed consumers to continue to believe the
8 representations made about the Defective Vehicles in its marketing and advertising that
9 such vehicles were safe.

10 124. Old G.M.’s and G.M.’s unfair or deceptive acts or practices were likely to
11 and did in fact deceive reasonable consumers, including Plaintiff, about the safety and
12 reliability of the Defective Vehicles.

13 125. Plaintiff Grumet and the other members of the Class have suffered injuries
14 resulting from G.M.’s material omission regarding the Defective Vehicles because they
15 paid an inflated purchase price for such vehicles. If Old G.M. and G.M. had timely
16 disclosed the defect, Plaintiff Grumet and the members of the Class would not have
17 purchased the Defective Vehicles at all, or would have paid less. Plaintiff Grumet and the
18 members of the Class did not receive the benefit of their bargain for a vehicle to provide
19 safe and reliable transportation.

20 126. G.M.’s acts and omissions in violation of the CLRA present a
21 continuing risk to Plaintiff and the general public.

22 127. Plaintiff Grumet and the members of the Class reserve any claims for
23 damages under the CLRA and currently seek only injunctive relief against G.M.

24 128. Pursuant to § 1782 of the CLRA, by letter dated March 27, 2014,
25 Plaintiff notified G.M. in writing by certified mail of the particular violations of §
26 1770 of the CLRA, and demanded that G.M. cease its unlawful practices as
27 described herein, and give notice to all affected customers of G.M.’s intent to so
act. A copy of that letter is attached hereto as Exhibit A.

28

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 31 of 49

1 129. Plaintiff Grumet includes as Exhibit B hereto, an affidavit with this
2 Complaint that shows that venue in this District is proper, to the extent such an
3 affidavit is required by Cal. Civ. Code § 1780(d).

COUNT IV

**VIOLATION OF THE CALIFORNIA UNFAIR COMPETITION LAW,
CAL. BUS. & PROF. CODE § 17200, *et seq.***

(On Behalf of Plaintiff Grumet and the California State Class)

130. Plaintiff Grumet and the California State Class incorporate by reference each preceding and succeeding paragraph as though fully set forth at length herein.

131. This claim is brought on behalf of the California State Class (the "Class" for purposes of this Count).

132. Plaintiff Grumet and the Class assert this claim for violations of California's Unfair Competition Law ("UCL"), Business & Professional Code §§ 17200, *et seq.*

133. California Business and Professions Code § 17200 prohibits any unlawful, unfair, or fraudulent business act or practices.

134. Old G.M. and G.M. violated the unlawful prong of § 17200 by its violations of the CLRA, as set forth above.

135. Old G.M. and G.M. also violated the unlawful prong of § 17200 because it engaged in unfair or deceptive acts or practices in violation of the TREAD Act. Old G.M. and G.M. violated the TREAD Act by failing to timely to inform NHTSA of the ignition switch defects and allowed the Defective Vehicles to be sold with such defects.

136. Old G.M. and G.M. violated the unfair and fraudulent prong of § 17200 because, in omitting to inform NHTSA about a defect affecting the safety and reliability of its vehicles, they engaged in conduct that was likely to deceive reasonable consumer, owners and purchaser into believing that the Defective Vehicles were safe and reliable. Furthermore, Old G.M. and G.M. misrepresented

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 32 of 49

1 and/or omitted to state material facts regarding the quality, safety and reliability of
2 the Defective Vehicles.

3 137. Old G.M. and G.M. also violated the unfair and fraudulent prong of §
4 17200 because the acts and practices set forth in this Complaint offend established
5 public policy, as the harm caused to consumers greatly outweighs any benefits
6 associated with those practices.

7 138. G.M. has successor liability for the unlawful, unfair and fraudulent
8 acts or practices of Old G.M.

9 139. Plaintiff Grumet and the other members of the Class reasonably relied
10 on Old G.M.'s and G.M.'s statements in its marketing and advertising that the
11 Defective Vehicles were safe, and would not have purchased or leased the
12 Defective Vehicles had they known of the defects in the ignition switches, or
13 would not have paid as much as they did.

140. Plaintiff Grumet and the members of the Class have suffered injuries,
14 including the loss of money or property, because of Old G.M.'s and G.M.'s unfair,
15 unlawful and/or deceptive practices. Old G.M. and G.M. failed to inform NHTSA,
16 as well as owners, purchasers and consumers, that the Defective Vehicles were
17 inherently dangerous because they had a defective ignition switch that could shut
18 the vehicles' engines down without warning, leaving the vehicles' occupants
19 vulnerable to accidents, serious injury and potentially death.

20 141. All of the wrongful conduct alleged herein occurred, and continues to
21 occur, in the conduct of G.M.'s business. G.M.'s wrongful conduct is part of a
22 pattern or generalized course of conduct that is still perpetuated in California and
23 nationwide.

24 142. Plaintiff Grumet requests that this Court enter such orders or
25 judgments as may be necessary, including a declaratory judgment that G.M. has
26 violated the UCL; an order enjoining G.M. from continuing its unfair, unlawful,
27 and/or deceptive practices; an order and judgment restoring to Class members any

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 33 of 49

1 money lost as the result of G.M.'s unfair, unlawful and deceptive trade practices,
2 including restitution and disgorgement of any profits GM received as a result of its
3 unfair, unlawful and/or deceptive practices, as provided in California Business &
4 Professional Code § 17203, California Code of Civil Procedure § 384, and
5 California Civil Code § 3345.

COUNT V

**VIOLATION OF SONG-BEVERLY CONSUMER WARRANTY ACT
(CALIFORNIA "LEMON LAW") FOR BREACH OF EXPRESS
WARRANTY OF MERCHANTABILITY, CAL. CIV. CODE §§ 1790 *et seq.*
(On Behalf of Plaintiff Grumet and the California State Class)**

143. Plaintiff Grumet and the California State Class incorporate by reference
each preceding and succeeding paragraph as though fully set forth at length herein.

144. This claim is brought on behalf of Plaintiff Grumet and the California
State Class (the "Class" for purposes of this Count).

145. Plaintiff Grumet and the members of the Class who purchased or
leased the Defective Vehicles in California are "buyers" within the meaning of
California Civil Code § 1791(b).

146. The Defective Vehicles are "consumer goods" within the meaning of
California Civil Code § 1791(a).

147. Old G.M. was a "manufacturer" of the Defective Vehicles within the
meaning of California Civil Code § 1791(j).

148. G.M. expressly assumed responsibility for payment of Old G.M.'s
liabilities arising under Lemon Law.

149. Old G.M. and G.M. expressly warranted to Plaintiff Grumet and the
members if the Class that its Defective Vehicles were "merchantable" within the
meaning of California Civil Code §§ 1791.2 & 1793, in its warranty, marketing
and advertising materials.

150. The Defective Vehicles are defective insofar as they were designed
with ignition switches that can cause the Defective Vehicles to inadvertently shut

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 34 of 49

1 down during ordinary driving conditions without warning, leading to an
2 unreasonable likelihood of accident and that such accidents would cause serious
3 bodily harm or death to the vehicles' occupants.

4 151. Because of the defective ignition switches, the Defective Vehicles are
5 not safe to drive and thus not fit for ordinary purposes.

6 152. The Defective Vehicles are covered by Old G.M.'s and G.M.'s
7 express warranties.

8 153. Old G.M. and G.M. were provided with notice and opportunity to
9 correct the defect in the Defective Vehicles, however, failed to do so. Old G.M.
10 and G.M. have also been on notice of the ignition switch defects through
11 complaints filed in court, with NHTSA and themselves, and have failed to correct
12 the same.

13 154. As a result of Old G.M.'s and G.M.'s breach of its express warranties,
14 Plaintiff and members of the Class received goods whose dangerous condition
15 substantially impairs their value. Plaintiff Grumet and the members of the Class
16 have been damaged by the diminished value of G.M.'s products, the product's
17 malfunctioning, and the nonuse of their Defective Vehicles.

18 155. Under California Civil Code §§ 1791.1(d) & 1794, Plaintiff Grumet
19 and the members of the Class are entitled to damages and other legal and equitable
20 relief including, at their election, the purchase price of their Defective Vehicles, or
the overpayment or diminution in value of the Defective Vehicles.

21 156. Pursuant to California Civil Code § 1794, Plaintiff Grumet and the
22 members of the Class members are entitled to costs and attorneys' fees.

23 **COUNT VI**

24 **VIOLATION OF SONG-BEVERLY CONSUMER WARRANTY ACT**
25 **(CALIFORNIA "LEMON LAW") FOR BREACH OF IMPLIED**
26 **WARRANTY OF MERCHANTABILITY, CAL. CIV. CODE §§ 1790 *et seq.***
27 **(On Behalf of Plaintiff Grumet and the California State Class)**

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 35 of 49

1 157. Plaintiff Grumet and the California State Class incorporate by reference
2 each preceding and succeeding paragraph as though fully set forth at length herein.

3 158. This claim is brought on behalf of Plaintiff Grumet and the California
4 State Class (the “Class” for purposes of this Count).

5 159. Plaintiff Grumet and the members of the Class members who
6 purchased or leased the Defective Vehicles in California are “buyers” within the
7 meaning of California Civil Code § 1791(b).

8 160. The Defective Vehicles are “consumer goods” within the meaning of
9 California Civil Code § 1791(a).

10 161. Old G.M. was a “manufacturer” of the Defective Vehicles within the
11 meaning of California Civil Code § 1791(j).

12 162. G.M. expressly assumed responsibility for payment of Old G.M.’s
13 liabilities arising under Lemon Law.

14 163. Old G.M. and G.M. impliedly warranted to Plaintiff Grumet and the
15 members if the Class that its Defective Vehicles were “merchantable” within the
16 meaning of California Civil Code §§ 1791.1(a) & 1792; however, the Defective
17 Vehicles do not have the quality that a buyer would reasonably expect, and were
18 therefore not merchantable.

19 164. California Civil Code § 1791.1(a) provides:

20 “Implied warranty of merchantability” or “implied warranty that
21 goods are merchantable” means that the consumer goods meet
22 each of the following:

23 (1) Pass without objection in the trade under the contract
24 description.

25 (2) Are fit for the ordinary purposes for which such goods are
26 used.

27 (3) Are adequately contained, packaged, and labeled.

28 (4) Conform to the promises or affirmations of fact made on
the container or label.

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 36 of 49

1 165. The Defective Vehicles would not pass without objection in the
2 automotive trade because of the defective ignition switches that cause the
3 Defective Vehicles to inadvertently shut down during ordinary driving conditions
4 without warning, leading to an unreasonable likelihood of accident and that such
5 accidents would cause serious bodily harm or death to the vehicles' occupants.

6 166. Because of the defective ignition switches, the Defective Vehicles are
7 not safe to drive and thus not fit for ordinary purposes.

8 167. The Defective Vehicles are not adequately labeled because the
9 labeling fails to disclose the ignition switch defect and does not advise Class
10 members to avoid attaching anything to their vehicle key rings. Old G.M. and
11 G.M. failed to warn about the dangerous safety defects in the Defective Vehicles.

12 168. Old G.M. and G.M. breached the implied warranty of merchantability
13 by manufacturing and selling the Defective Vehicles with defective ignition switch
14 systems. These defects have deprived Plaintiff and the members of the Class of the
15 benefit of their bargain and have caused the Defective Vehicles to depreciate in
16 value.

17 169. As a direct and proximate result of Old G.M.'s and G.M.'s breach of
18 its duties under California's Lemon Law, Plaintiff Grumet and members of the
19 Class received goods whose dangerous condition substantially impairs their value.
20 Plaintiff Grumet and the members of the Class have been damaged by the
21 diminished value of G.M.'s products, the product's malfunctioning, and the nonuse
22 of their Defective Vehicles.

23 170. Under California Civil Code §§ 1791.1(d) & 1794, Plaintiff Grumet
24 and the members of the Class are entitled to damages and other legal and equitable
25 relief including, at their election, the purchase price of their Defective Vehicles, or
the overpayment or diminution in value of the Defective Vehicles.

26 171. Pursuant to California Civil Code § 1794, Plaintiff Grumet and the
27 members of the Class are entitled to costs and attorneys' fees.

28

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 37 of 49

COUNT VII

**VIOLATION OF THE FLORIDA DECEPTIVE AND UNFAIR TRADE
PRACTICES ACT, FLA. STAT. § 501.201, *et seq.*
(On Behalf of Plaintiff ABC and the Florida State Class)**

172. Plaintiff ABC and the Florida State Class incorporate by reference each preceding and succeeding paragraph as though fully set forth at length herein.

173. This claim is brought on behalf of Plaintiff ABC and the Florida State Class (the "Class" for purposes of this Count).

174. The conduct of Old G.M. and G.M. as set forth herein constitutes unfair or deceptive acts or practices, in violation of the provisions of Florida Statutes Chapter 501, Part II. The prohibited conduct includes, but is not limited to Old G.M.'s manufacture and sale of the Defective Vehicles, Old G.M.'s and G.M.'s failure to disclose and remedy the defective ignition switches in the Defective Vehicles, and their misrepresentations and/or omissions regarding the safety and reliability of the Defective Vehicles.

175. Old G.M.'s and G.M.'s actions as set forth above occurred in the conduct of trade or commerce.

176. G.M. has successor liability for the deceptive or unfair acts or practices of Old G.M.

177. G.M.'s actions impact the public interest because Plaintiff and the other Class members were injured in exactly the same way as millions of others purchasing and/or leasing the Defective Vehicles as a result of G.M.'s generalized course of deception.

178. All of the wrongful conduct alleged herein occurred, and continues to occur, in the conduct of G.M.'s business.

179. Plaintiff ABC and the other Class members suffered ascertainable loss as a result of Old G.M.'s and G.M.'s conduct. Plaintiff ABC and the other Class members were injured and suffered economic damages as a result of such conduct.

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 38 of 49

1 180. Plaintiff ABC and the other Class members overpaid for their
2 Defective Vehicles and did not receive the benefit of their bargain, and the
3 Defective Vehicles have suffered a diminution in value as a result of the conduct
4 described herein.

5 181. Old G.M.'s and G.M.'s conduct proximately caused the injuries to
6 Plaintiff and the other Class members.

7 182. G.M. is liable to Plaintiff ABC and the other Class members for
8 damages in amounts to be proven at trial, including attorneys' fees recoverable
9 pursuant to Florida Statute § 501.2105, costs, and treble damages. Pursuant to
10 Florida Statute § 501.208, Plaintiff ABC will serve the Florida Attorney General
11 with a copy of this complaint as Plaintiff ABC, individually and on behalf of the
other Class members, seeks injunctive relief.

COUNT VIII

**BREACH OF EXPRESS WARRANTY, Fla. Stat. § 672.313
(On behalf of Plaintiff ABC and the Florida State Class)**

15 183. Plaintiff ABC and the Class incorporate by reference each preceding and
16 succeeding paragraph as though fully set forth at length herein.

17 184. This claim is brought on behalf of Plaintiff ABC and the Florida State
18 Class (the "Class" for purposes of this Count).

19 185. Old G.M. was, at all relevant times, a merchant with respect to motor
20 vehicles.

186. In the course of selling the Defective Vehicles, Old G.M. expressly
warranted to repair and adjust to correct defects in materials and workmanship of
any part supplied by G.M. G.M. has not repaired or adjusted, and has been unable
to repair or adjust the Defective Vehicles' materials and workmanship defects
described herein.

187. These warranties were made, *inter alia*, in advertisements and in uniform statements made by Old G.M. and G.M. to the public and consumers of

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 39 of 49

1 the Defective Vehicles. These affirmations and promises were part of the basis of
2 the bargain between Old G.M., on the one hand, and Plaintiff ABC and the other
3 Class members, on the other.

4 188. Old G.M. did not provide at the time of sale, and G.M. has not
5 provided since then, G.M. Vehicles conforming to these express warranties.

6 189. G.M. expressly assumed all liabilities arising under the written
7 warranties of Old G.M.

8 190. Furthermore, the limited warranty of repair and/or adjustments to
9 defective parts fails in its essential purpose because the contractual remedy is
10 insufficient to make the Plaintiff ABC and the other Class members whole.

11 191. Accordingly, recovery by Plaintiff ABC and the other Class members
12 is not limited to the limited warranty of repair or adjustments to parts defective in
13 materials or workmanship, and Plaintiff, individually and on behalf of the other
14 Class members, seeks all remedies as allowed by law.

15 192. Moreover, at the time that Old G.M. warranted and sold the Defective
16 Vehicles, it knew that the Defective Vehicles did not conform to the warranties and
17 were inherently defective, and wrongfully and fraudulently misrepresented and/or
concealed material facts regarding the Defective Vehicles.

18 193. Plaintiff ABC and the other Class members were induced to purchase
19 the Defective Vehicles under false and/or fraudulent pretenses and without the
20 benefit of full disclosure of the problems described herein.

21 194. Many of the damages flowing from the Defective Vehicles cannot be
22 resolved through the limited remedy of "replacement or adjustments," as those
23 incidental and consequential damages have already been suffered due to Old
24 G.M.'s conduct as alleged herein, and due to G.M.'s failure and/or continued
25 failure to provide such limited remedy within a reasonable time, and any limitation
26 on ABC's and the other Class members' remedies would be insufficient to make
27 Plaintiff ABC and the other Class members whole.

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 40 of 49

1 195. As a direct and proximate result of the breach of express warranties,
2 Plaintiff ABC and the other Class members have been damaged in an amount to be
3 determined at trial.

4

5

COUNT IX

6

VIOLATION OF THE ILLINOIS CONSUMER FRAUD AND DECEPTIVE BUSINESS PRACTICES ACT 815 Ill. Comp. Stat. 505/1, *et seq.*

7 **(On Behalf of Plaintiffs Sullivan, Allison Clinton, and Amy Clinton and the
8 Illinois State Class)**

9

10 196. Plaintiffs Sullivan, Amy Clinton, Allison Clinton (the “Plaintiffs” for this
11 Count), and the Illinois State Class incorporate by reference each preceding and
12 succeeding paragraph as though fully set forth at length herein.

13

14 197. This claim is brought on behalf of Plaintiffs and the Illinois State
15 Class (the “Class” for purposes of this Count).

16

17 198. The Illinois Consumer Fraud and Deceptive Business Practices Act
18 prohibits unfair or deceptive acts or practices in connection with any trade or
19 commerce, including, among other things, “the use or employment of any
20 deception, fraud, false pretense, false promise, misrepresentation or the
21 concealment, suppression or omission of any material fact, ... whether any person
22 has in fact been misled, deceived, or damaged thereby.” The Act also prohibits
23 suppliers from representing that their goods are of a particular quality or grade they
24 are not.

25

26 199. The conduct of Old G.M. and G.M. as set forth herein constitutes
27 unfair or deceptive acts or practices in violation of 815 Ill. Comp. Stat. 505/2. The
28 prohibited conduct includes, but is not limited to their manufacture and sale of the
Defective Vehicles, failure to disclose and remedy the defective ignition switches

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 41 of 49

1 in the Defective Vehicles, and misrepresentations and omissions regarding the
2 safety and reliability of the Defective Vehicles.

3 200. Old G.M. and G.M.'s actions as set forth above occurred in the
4 conduct of trade or commerce.

5 201. G.M. has successor liability for the deceptive or unfair acts or
6 practices of Old G.M.

7 202. G.M.'s actions impact the public interest because Plaintiffs and the
8 other Class members were injured in exactly the same way as millions of others
9 purchasing and/or leasing the Defective Vehicles as a result of G.M.'s generalized
10 course of deception.

11 203. All of the wrongful conduct alleged herein occurred, and continues to
12 occur, in the conduct of G.M.'s business.

13 204. Plaintiffs and the other Class members suffered ascertainable loss as a
14 result of Old G.M.'s and G.M.'s conduct. Plaintiffs and the other Class members
15 were injured and suffered economic damages as a result of such conduct.

16 205. Plaintiffs and the other Class members overpaid for their Defective
17 Vehicles and did not receive the benefit of their bargain, and the Defective
18 Vehicles have suffered a diminution in value as a result of the conduct described
herein.

19 206. Old G.M.'s and G.M.'s conduct proximately caused the injuries to
20 Plaintiffs and the other Class members.

21 207. G.M. is liable to Plaintiffs and the other Class members for damages
22 in amounts to be proven at trial, including attorneys' fees recoverable pursuant to
23 815 Ill. Comp. Stat. 505/1, *et seq.*

24 208. Plaintiffs and the members of the Class also seek punitive damages
25 against G.M. because its conduct was wanton, willful and malicious.

26

27

28

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 42 of 49

1 209. Pursuant to 815 Ill. Comp. Stat. 505/7, Plaintiffs request that this
2 Court enter an order enjoining G.M. from continuing its unfair and/or deceptive
3 practices as alleged herein.

COUNT X

**VIOLATION OF THE ILLINOIS UNIFORM DECEPTIVE TRADE
PRACTICES ACT, 815 Ill. Comp. Stat. 510/1, et seq.**

(On Behalf of Plaintiffs Sullivan, Allison Clinton, and Amy Clinton and the Illinois State Class)

8 210. Plaintiffs Sullivan, Amy Clinton, Allison Clinton (the "Plaintiffs" in this
9 Count), and the Illinois State Class incorporate by reference each preceding and
10 succeeding paragraph as though fully set forth at length herein.

11 211. This claim is brought on behalf of Plaintiffs and the Illinois State
12 Class (the “Class” for purposes of this Count).

13 212. The Illinois Uniform Deceptive Trade Practices Act, 815 Ill. Comp.
14 Stat. 510/2(a) sets forth that:

A person engages in a deceptive trade practice when, in the course of his or her business, vocation, or occupation, the person; ... causes likelihood of confusion or of misunderstanding as to the source, sponsorship, approval, or certification of goods or services; ... represents that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities that they do not have or that a person has a sponsorship, approval, status, affiliation, or connection that he or she does not have; ... represents that goods or services are of a particular standard, quality, or grade or that goods are a particular style or model, if they are of another; ... advertises goods or services with intent not to sell them as advertised; ... [or] engages in any other conduct which similarly creates a likelihood of confusion or misunderstanding.

213. As described above, the Defective Vehicles sold or leased to Plaintiffs
24 and the other members of the Class were not of the particular standard, quality,
25 grade or characteristic represented by Old G.M. and G.M.

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 43 of 49

1 214. G.M. has successor liability for the deceptive or unfair acts or
2 practices of Old G.M.

3 215. Plaintiffs and other members of the Class are persons likely to be
4 damaged as a result of the conduct by Old G.M. and G.M. alleged above. 815 Ill.
5 Comp. Stat. 510/3 provides that the Court may enter injunctive relief to prevent
6 G.M. from continuing to engage in the deceptive conduct alleged, and to assess
7 costs and attorneys' fees against G.M. upon finding that it willfully engaged in a
8 deceptive trade practice.

COUNT XI

**BREACH OF EXPRESS WARRANTY, 810 Ill. Comp. Stat. 5/2-213
(On Behalf of Plaintiffs and the Illinois State Class)**

216. Plaintiffs Sullivan, Amy Clinton, Allison Clinton (the "Plaintiffs" for this Count), and the Illinois State Class incorporate by reference each preceding and succeeding paragraph as though fully set forth at length herein.

217. This claim is brought on behalf of the Illinois State Class (the "Class" for purposes of this Count).

218. Old G.M. was at all relevant times a merchant with respect to motor vehicles.

219. In the course of selling the Defective Vehicles, Old G.M. expressly warranted to repair and adjust to correct defects in materials and workmanship of any part supplied by G.M. G.M. has not repaired or adjusted, and has been unable to repair or adjust the Defective Vehicles' materials and workmanship defects described herein.

220. These warranties were made, *inter alia*, in advertisements and in uniform statements made by G.M. to the public and consumers of the Defective Vehicles. These affirmations and promises were part of the basis of the bargain between Old G.M. and G.M., on the one hand, and Plaintiffs and the other Class members, on the other.

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 44 of 49

1 221. Old G.M. did not provide at the time of sale, and G.M. has not
2 provided since then, G.M. Vehicles conforming to these express warranties.

3 222. G.M. expressly assumed all liabilities arising under the written
4 warranties of Old G.M.

5 223. Furthermore, the limited warranty of repair and/or adjustments to
6 defective parts fails in its essential purpose because the contractual remedy is
7 insufficient to make the Plaintiffs and the other Class members whole.

8 224. Accordingly, recovery by Plaintiffs and the other Class members is
9 not limited to the limited warranty of repair or adjustments to parts defective in
10 materials or workmanship, and Plaintiffs, individually and on behalf of other Class
11 members, seeks all remedies as allowed by law.

12 225. Moreover, at the time that Old G.M. warranted and sold the Defective
13 Vehicles, it knew that the Defective Vehicles did not conform to the warranties and
14 were inherently defective, and wrongfully and fraudulently misrepresented and/or
15 concealed material facts regarding the Defective Vehicles.

16 226. Plaintiffs and the other Class members were induced to purchase the
17 Defective Vehicles under false and/or fraudulent pretenses and without the benefit
18 of full disclosure of the problems described herein.

19 227. Many of the damages flowing from the Defective Vehicles cannot be
20 resolved through the limited remedy of "replacement or adjustments," as those
21 incidental and consequential damages have already been suffered due to Old
22 G.M.'s conduct as alleged herein, and due to G.M.'s failure and/or continued
23 failure to provide such limited remedy within a reasonable time, and any limitation
24 on Plaintiffs' and the other Class members' remedies would be insufficient to
25 make Plaintiffs and the other Class members whole.

26 228. As a direct and proximate result of the breach of express warranties,
27 Plaintiffs and the other Class members have been damaged in an amount to be
28 determined at trial.

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 45 of 49

COUNT XII

VIOLATION OF THE MICHIGAN CONSUMER PROTECTION ACT
Mich. Compl. L. Ann. §§ 445.901, *et seq.*
(On Behalf of Plaintiff Saxson and the Michigan State Class)

229. Plaintiff Saxson and the Michigan State Class incorporate by reference
each preceding and succeeding paragraph as though fully set forth at length herein.

230. This claim is brought on behalf of Plaintiff Saxson and the Michigan
State Class (the "Class" for purposes of this Count).

231. The Michigan Consumer Protection Act ("MCPA") makes unlawful
any unfair, unconscionable or deceptive methods, acts or practices in the conduct
of trade or commerce. MCPA § 445.903(1).

232. Old G.M., G.M. and Plaintiff are each "persons" within the meaning
of MCPA § 445.902(d).

233. The sale of the Defective Vehicles to Plaintiff Saxson and the
members of the Class occurred within the conduct of "trade or commerce" as
defined by MCPA § 445.902(g).

234. The conduct of Old G.M. and G.M., as set forth herein, constitutes
unfair, unconscionable or deceptive methods, acts or practices in violation of the
MCPA.

235. G.M. has successor liability for the unfair, unconscionable or
deceptive methods, acts or practices of Old G.M.

236. Old G.M. and G.M. violated the MCPA by failing to reveal a material
fact, the omission of which tends to mislead or deceive the consumer, and which
fact could not reasonably be known by the consumer. MCPA § 445.903(s). Old
G.M. and G.M. violated the MCPA by making a representation of fact or statement
of fact material to the transaction such that a person reasonably believes the
represented or suggested state of affairs to be other than it actually is. MCPA §
445.903(bb). Old G.M. and G.M. also violated the MCPA by failing to reveal

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 46 of 49

1 facts that are material to the transaction in light of representations of fact made in a
2 positive manner. MCPA § 445.903(cc).

3 237. The acts of Old G.M. and G.M. which constitute unfair,
4 unconscionable or deceptive methods, acts or practices in violation of the MCPA
5 include, but are not limited to, their manufacture and sale of the Defective
6 Vehicles, their manufacture and sale of the Defective Vehicles, their failure to
7 disclose and remedy the defective ignition switches in the Defective Vehicles, and
8 their misrepresentations and/or omissions regarding the safety and reliability of the
9 Defective Vehicles.

10 238. The actions of Old G.M. and G.M. impact the public interest because
11 Plaintiff Saxson and the other Class members were injured in exactly the same way
12 as thousands of others purchasing and/or leasing the Defective Vehicles as a result
13 of Old G.M.'s and G.M.'s generalized course of conduct.

14 239. All of the wrongful acts or practices alleged herein occurred, and
15 continues to occur, in the conduct of G.M.'s business.

16 240. Plaintiff Saxson and the other Class members suffered ascertainable
17 loss as a result of Old G.M.'s and G.M.'s conduct. Plaintiff Saxson and the other
18 Class members were injured and suffered economic damages as a result of G.M.'s
19 conduct.

20 241. Plaintiff Saxson and the other Class members overpaid for their
21 Defective Vehicles and did not receive the benefit of their bargain, and the
22 Defective Vehicles have suffered a diminution in value as a result of the conduct
23 described herein.

24 242. Old G.M.'s and G.M.'s conduct proximately caused the injuries to
25 Plaintiff Saxson and the other Class members.

26 243. G.M. is liable to Plaintiff Saxson and the other Class members for
27 damages in amounts to be proven at trial.
28

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 47 of 49

1 244. Old G.M.'s and G.M.'s actions as set forth above occurred in the
2 conduct of trade or commerce.

3 245. G.M.'s actions impact the public interest because Plaintiff Saxson and
4 the other members of the Class were injured in exactly the same way as millions of
5 others purchasing and/or leasing Defective Vehicles as a result of G.M.'s
6 generalized course of deception.

7 246. All of the wrongful conduct alleged herein occurred, and continues to
8 occur, in the conduct of G.M.'s business.

9 247. Plaintiff Saxson and the other Class members suffered ascertainable
10 loss as a result of Old G.M.'s and G.M.'s conduct. Plaintiff Saxson and the other
11 members of the Class overpaid for their Defective Vehicles and did not receive the
12 benefit of their bargain, and their Defective Vehicles have suffered a diminution in
13 value.

14 248. Old G.M.'s and G.M.'s conduct proximately caused the injuries to
15 Plaintiff Saxson and the other members of the Class.

16 249. G.M. is liable to Plaintiff Saxson and the other members of the Class
17 for damages in amounts to be proven at trial, including attorneys' fees, costs, and
18 treble damages.

PRAYER FOR RELIEF

19 **WHEREFORE**, Plaintiffs, individually, and on behalf of the other members
20 of the Nationwide, California, Florida, Illinois, and Michigan State and Statewide
21 Classes (collectively hereafter "Statewide Classes") they respectively seek to
22 represent, respectfully request that the Court enter judgment in their favor and
23 against G.M. as follows:

24 A. Declaring that this action is a proper class action and certifying the
25 Nationwide and Statewide Classes requested herein, designating Plaintiffs as
26 Nationwide and Statewide Class Representatives, and appointing Plaintiffs'
27 attorneys as Class Counsel;

28

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 48 of 49

1 B. Enjoining G.M. from continuing the unfair or deceptive acts or
2 practices alleged in this Complaint and requiring G.M. to repair the Defective
3 Vehicles;

4 C. Ordering G.M. to pay actual, compensatory and statutory damages to
5 Plaintiffs and the other members of the Nationwide and Statewide Classes;

6 D. Alternatively, if elected, ordering G.M. to repair the defective ignition
7 switches or provide a comparable vehicle that does not have ignition switch
8 defects;

9 E. Ordering G.M. to pay punitive damages to Plaintiffs and the other
10 members of the Nationwide and Statewide Classes;

10 F. Ordering G.M. to pay pre- and post-judgment interest on any amounts
11 awarded;

12 G. Ordering G.M. to pay the costs of suit, including Plaintiffs' and the
13 other Class members' reasonable attorneys' fees; and

14 H. Granting such other and further equitable relief as this Court may
15 deem just and proper.

JURY TRIAL DEMAND

17 Plaintiffs pray for a jury trial on all triable issues and in all proceedings so
18 triable.

19 | DATED: March 27, 2014

Respectfully submitted,

**WOLF HALDENSTEIN ADLER
FREEMAN & HERZ LLP**

By: /s/Betsy C. Manifold
BETSY C. MANIFOLD
Email: manifold@whafh.com

Case 3:14-cv-00713-JM-BGS Document 1 Filed 03/27/14 Page 49 of 49

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21 Attorneys for Plaintiffs

22 GENERALMOTORS:20627.complaint

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24
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26
27
28

Case 3:14-cv-00713-JM-BGS Document 1-2 Filed 03/27/14 Page 1 of 3

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CHICAGO, IL 60603
312-984-0000

March 27, 2014

VIA CERTIFIED MAIL – RETURN RECEIPT REQUESTED

General Motors Company Advanced Tech.
422 Portage Ave.
Palo Alto, CA 94306

General Motors Co.
9150 Hermosa Ave.
Rancho Cucamonga, CA 91730

Re: *Elizabeth Y. Grumet, et al., v. General Motors LLC*
Notice of Violation of the California Consumers Legal Remedies Act

Dear Sir or Madam:

We send this letter on behalf of our client, Elizabeth Y. Grumet, a resident of California, as well as on behalf of a proposed class of all consumers who own, owned, lease or leased those vehicles currently identified as defective by General Motors LLC (“GM”), including: 2005-2007 Chevrolet Cobalt, 2005-2007 Pontiac G5; 2003-2007 Saturn Ion, 2006-2007 Chevrolet HHR, 2005-2006 Pontiac Pursuit (Canada), 2006-2007 Pontiac Solstice, and 2007 Saturn Sky (“Defective Vehicles”), in California from 2002 to the present. We write to advise you that GM has violated and continues to violate the Consumers Legal Remedies Act (“CLRA”), California Civil Code section 1750, *et seq.* We hereby ask that GM remedy such violations within thirty (30) days.

GM is engaging in unfair competition and unfair or deceptive acts or practices with regard to the manner in which GM failed to disclose and consciously concealed the ignition switch defects in the Defective Vehicles in violation of the Transportation Recall Enhancement, Accountability and Documentation Act to the National Highway Traffic Safety Administration or the public.

These activities are prohibited by California Civil Code section 1770(a), in particular by:

- representing that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities which they do not have or that a person has a sponsorship, approval, status, affiliation, or connection which he or she does not have;
- representing that goods or services are of a particular standard, quality, or grade, or that goods are of a particular style or model, if they are of another;

Case 3:14-cv-00713-JM-BGS Document 1-2 Filed 03/27/14 Page 2 of 3

WOLF HALDENSTEIN ADLER FREEMAN & HERZ LLP

General Motors LLC

March 27, 2014

Page 2

- advertising goods and services with the intent not to sell them as advertised; and
- representing that the subject of a transaction has been supplied in accordance with a previous representation when it has not.

California Civil Code § 1770(a)(5), (7), (9) and (16).

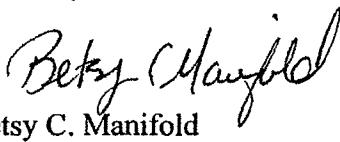
Our client has filed a complaint seeking injunctive relief simultaneous with this letter, and will amend such complaint to seek monetary relief under the CLRA unless, within thirty (30) days, GM corrects, repairs, or otherwise rectifies the violations specified above.

If GM fails to comply with this request within thirty (30) days, GM may be liable for the following monetary amounts under the Consumers Legal Remedies Act:

- Actual damages suffered;
- Punitive damages;
- Costs and attorney's fees related to suit; and
- Penalties of up to \$5,000.00 for each incident where senior citizens have suffered substantial physical, emotional or economic damage resulting from GM's conduct.

It is our hope that GM will choose to correct these unlawful practices promptly. A failure to act within thirty (30) days will be considered a denial of this claim and our client will act accordingly. If you would like to discuss the matter, please do not hesitate to call us at (619) 239-4599. Otherwise, we look forward to GM immediately changing its practices and compensating Ms. Grumet and the other members of the proposed class identified above.

Sincerely,


Betsy C. Manifold

BCM/meb
Enclosures

Case 3:14-cv-00713-JM-BGS Document 1-2 Filed 03/27/14 Page 3 of 3

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Case 3:14-cv-00713-JM-BGS Document 1-3 Filed 03/27/14 Page 1 of 1

1 I, Elizabeth Y. Grumet, hereby declare and state:

2 1. I have personal knowledge of the facts stated herein and could
3 competently testify thereto if called upon to do so.

4 2. I am currently a resident of San Diego County and a Plaintiff in the
5 above-entitled action.

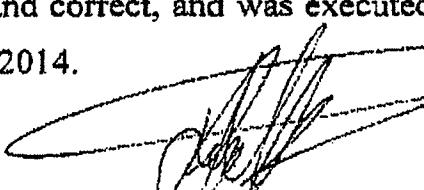
6 3. Pursuant to Cal. Civ. Code § 1780(d), I make this declaration in support
7 of the Class Action Complaint and the claim therein for relief under Cal. Civ. Code §
8 1780(a).

9 4. This action for relief under Cal. Civ. Code § 1780(a) has been
10 commenced in a county that is a proper place for trial of this action because
11 Defendants do business in this District (the Southern District of California) and
12 throughout the state of California.

13 5. The Complaint filed in this matter contains causes of action for
14 violations the Consumers Legal Remedies Act against General Motors LLC ("GM"),
15 a Delaware limited liability company doing business nationwide, including
16 California.

17 6. I owned a 2004 Saturn Ion, which was originally purchased at Saturn of
18 Capitol Expressway in San Jose, California in or around 2004, and I also owned a
19 2006 Saturn Ion, which was originally purchased at Saturn of Capitol Expressway in
20 San Jose, California in or around 2006.

21 I declare under penalty of perjury under the laws of the State of California that
22 the foregoing Declaration is true and correct, and was executed by me in the city of
23 San Jose, California on March 26, 2014.



Elizabeth Y. Grumet

27 GENERALMOTORS.20632.affidavit
28

Case 3:14-cv-00713-JM-BGS Document 1-4 Filed 03/27/14 Page 1 of 1

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

ELIZABETH Y. GRUMET, et al.)
vs.) Case No. '14CV0713 JM BGS
GENERAL MOTORS LLC)

) DECLARATION OF SERVICE
) Person Served:
) State of Florida Attorney General
) Date Served:
) 03/27/14

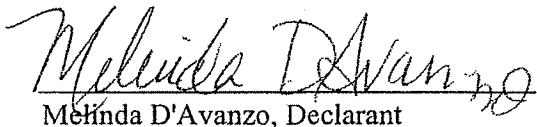
I, the undersigned declare under penalty of perjury that I am over the age of eighteen years and not a party to this action; that I served the above named person the following documents:

CLASS ACTION COMPLAINT

in the following manner: (check one)

- 1) By personally delivering copies to the person served.
- 2) By leaving, during usual office hours, copies in the office of the person served with the person who apparently was in charge and thereafter mailing (by first-class mail, postage prepaid) copies to the person served at the place where the copies were left.
- 3) By leaving copies at the dwelling house, usual place of abode, or usual place of business of the person served in the presence of a competent member of the household or a person apparently in charge of his office or place of business, at least 18 years of age, who was informed of the general nature of the papers, and thereafter mailing (by first-class mail, postage prepaid) copies to the person served at the place where the copies were left.
- 4) By placing a copy in a separate envelope, with postage fully prepaid, for each address named below and depositing each in the U.S. Mail at San Diego California on March 27, 2014
Office of Attorney General, State of Florida
The Capitol PL-01, Tallahassee, FL 32399-1050

Executed on March 27, 2014 at San Diego, California


Melinda D'Avanzo, Declarant